**[Week 5: Question 1](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105057_1&mode=view)**

Teller ordered a shipment of coffee from Brazil.

The coffee was due to arrive shortly in New York, and he expected to sell it for a profit.

He then entered into an agreement with Nelson whereby they mutually promised to share equally the profit and losses realized in the venture.

Teller paid $40,000 for the coffee,

but was unable to sell it for more than $24,000.

Nelson refused to abide by the agreement, and Teller sued him to recover $8,000.

Nelson’s defense was no consideration.  Judgment for whom?

Consideration is what each party to a contract gives up to the other in making their agreement. The consideration here was that both parties Nelson and Teller would mutually share the profit and losses realized in the venture. There was no consideration here, because Nelson did not give up something of value in order to have consideration here. Teller was the one who paid for the coffee and was selling it Nelson did not exchange anything of value toward those coffee beans for him to be banded to a contract and hence no consideration.

### [Week 5: Question 2](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105058_1&mode=view)

Genardi owed Wong a debt of $5000, which was long overdue.

Fry, a friend of Genardi, wrote as follows to Wong: “I know how badly you need the money and that you’ve waited for it a long time.  But give yourself no concern.

I am writing to promise that I’ll pay Genardi’s debt to you within the year if he doesn’t.

Heaven knows you’re entitled to it.”

Wong was much pleased by the receipt of this letter.

Bearing this in mind, for one year she patiently bided her time and took no action whatever to collect the debt from Genardi.

At the end of this period, the debt remained unpaid.

Genardi and Fry both refused to pay.

Under the facts presented, does Wong have a case against Fry?  Explain fully.

In this case Fry is covering to pay Wong the debt that Genardi owes, basically giving a gift to Genardi by covering his debt. But, at the end of the one year period that Fry gave Wong in which he will pay the debt was unpaid within that time window. Since, there was no consideration directly to Fry he has no obligation to pay the debt off, he was giving Genardi a gift by paying off his debt and Promises to make a gift are unenforceable promises under the law of contracts because the lack of consideration.

### [Week 5: Question 3](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105059_1&mode=view)

On April 1, 2008, Creese loaned $6,000 to Dasher in exchange for Dasher’s promise to make repayment, together with 8 percent interest, one year from that date.

(A) Suppose that on May 1 2008 Dasher pays $5000 cash to Creese, in return for Creese’s promise to cancel the entire debt.  May Creese claim anything more from Dasher?

(B) Suppose that on May 1, 2009 Dasher sent his check for $5000 to Creese, who cashed the check after seeing upon it the stipulation: “Payment in full of all debts owed by Dasher to Creese.”  May Creese claim anything more from Dasher?

(C) Suppose that on May 1, 2009 Dasher holds Cohick’s promissory note payable to Dasher in the sum of $5000, and then Dasher endorses and surrenders this note to Creese, in return for Creese’s promise to cancel the entire debt.  May Creese claim anything more from Dasher?

Creese loaned $6,000 to Dasher in exchange that Dasher promises to make the repayment, together with 8 percent interest one year from that date. If Dasher pays $000 cash to Creese, May 1 2008 in return for his promise to cancel the entire debt. In that case Creese does have the ability to claim more from Dasher but not until the last day of which the full amount is due. Compromise and Release of claims is a rule that doing or promising to do what one is already legally bound to do is not consideration applies to a party payment made in satisfaction of an admitted debt. Thus, a promise to pay part of an amount that is admittedly owed is not consideration. If the debtor pays the part payment before the debt is due, there is consideration because, on the day when the payment was made, the creditor was not entitling to demand any payment.

In the case that Dasher sends a check for $5000 on May 1, 2009 to Creese, who then intern cashes the check after seeing “Payment in full of all debts owed by dasher to Creese “. Since in this case Creese tendered the check even though the statement of payment of full was written on the check then the entire debt is discharged and Creese cannot claim anything more.

In the last case if Dasher holds Cohicks’ promissory note payable to Dasher in the sum of $5000, and then Dasher endorses and surrenders this note to Creese. This is a composition of creditors, the various creditors of one debtor mutually agree to accept a fractional part of their claims in full satisfaction for the claims. Such agreements are binding and are supported by consideration if Creese accepts this form of payment.